

Purpose of the Program

The Work Opportunity Tax Credit (WOTC) provides businesses an incentive to hire individuals from groups that have particularly high unemployment rates, or other special employment needs.

The Welfare-to-Work (WtW) tax credit provides businesses an incentive to hire long-term welfare recipients.

The Job Creation and Work Assistance Act of 2002 was signed into law on March 9, 2002, reauthorizing the two tax credits for two additional years – through December 31, 2003.

What Are the Limitations?

Businesses claim only one credit on an employee for a qualified hiring period.

If, for any period, an employer receives federally funded payments for on-the-job training (OJT) for an employee, none of the wages paid to that employee for the OJT period qualify for the WOTC.

While the wages paid to the employee during the OJT period do not qualify the employer for a tax credit, the time spent by the employee receiving OJT qualifies the employer towards fulfilling the minimum employment period requirement (or retention period).

Do Tax Credits Apply to All Employees?

- No tax credit can be claimed for wages paid to relatives of the employee.
- No tax credit can be claimed for federally subsidized OJT. However, wages paid after the subsidy expires can qualify for the credits.
- No tax credit can be claimed on a current employee. The tax credit is an incentive to hire an individual from one of the target groups.
- Only one tax credit can be claimed on an employee for the same time period.

Who Qualifies?

- **Long-term welfare recipient** - member of a family that received Temporary Assistance to Needy Families (TANF) for at least eighteen consecutive months before the date of hire qualifies for WtW credit, **or** whose family's AFDC/TANF eligibility expired under federal or state law after August 5, 1997, because federal or state laws limit the maximum period such assistance is payable, **or** whose family received AFDC/TANF for at least eighteen months after August 5, 1997. Note: TANF replaces Aide to Families with Dependent Children (AFDC).

The following qualify for WOTC:

- **Other welfare recipient** – member of a family that received TANF for a total of at least nine of the eighteen months before date of hire.
- **Veteran** – a veteran and a member of a family that received food stamps for at least a three-month period during the fifteen months ending before date of hire.
- **Food-stamp recipient (18-24 year-old)** – member of a family that received food stamps for at least the last six months ending on the hiring date, or for at least three of the five months before date of hire in the case of a family member who ceases to be eligible for such public assistance.
- **Voc-Rehab referral** – a disabled person who within the last two years completed (or is completing) rehabilitative services approved by a state, or the U.S. Dept. of Veteran Affairs.
- **Ex-felon** – an ex-felon and member of a low-income family.
- **Supplemental Security Income recipient** – received Supplemental Security Income benefits for any month during the sixty days before date of hire.

The following empowerment zone (EZ)/enterprise community (EC)/renewal community (RC) groups qualify for WOTC:

- **Resident 18-24 year-old** – lives in one of the federally designated areas.
- **Resident 16-17 year-old** – hired as a Summer Youth employee.

North Dakota has one EZ – Griggs/Steele, and one RC – Turtle Mountain Band of Chippewa - sixty-eight square mile area on the reservation.

For more information about EZ/EC/RC's visit the EZ/EC website – <http://www.ezec.gov> or <http://www.hud.gov>.

Why Employers Use Tax Credits

- Helps the economy - businesses get a tax break while opening up job opportunities for workers from the target groups.
- Provides a two-tiered system under WOTC for the tax credit including:
 - a. A total of twenty-five percent credit for employees who work at least 120 hours for a maximum credit of \$1,500.
 - b. A total of forty percent credit for employees working at least four hundred hours of the qualified first year's wages, which can reduce an employer's federal tax liability by as much as \$2,400 per new hire. (The wages are capped at \$6,000.)
- Can reduce an employer's federal tax liability by as much as \$8,500 per new hire. The WtW tax credit is thirty-five percent for the first year and fifty percent for the second year.



How Does a Business Access Tax Credits?

The law applies to prospective new employees. Employers can request WOTC and WtW certification by having a prospective employee fill out the following forms as applicable:

- **IRS Form 8850** *Pre-screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Tax Credits*
The prospective employee must fill out and submit this form by the date of a job offer. (The employer must also sign this form.)
Go to <http://www.irs.gov/> to access the above form.
- Go to <http://workforsecurity.doleta.gov/employ/wotcdata.asp> to access/fill out one of the two forms below:
ETA Form 9061, *Individual Characteristic Form* (Fill out if the new hire has not been given a conditional certification.)
—or—
ETA Form 9062, *Conditional Certification Form* (Fill out if provided to the job seeker by a participating agency.)
—and—
- Mail the signed and dated IRS and ETA forms to your area Job Service North Dakota customer service office **no later than twenty-one days** after the new hire's employment start date.

Do You Need More Information?

You can contact your local Job Service North Dakota customer service office and ask to speak with the WOTC coordinator, **or** call the state WOTC coordinator at (701) 328-2997, **or** e-mail jmckenzi@state.nd.us.

Job Service North Dakota Customer Service Office Locations

Beulah

119 E Main
Beulah ND 58523
Phone: 701-873-5607
Toll Free: 1-877-268-5437

Bismarck-Mandan

1601 E Century Ave
Bismarck ND 58503
Phone: 701-328-5000
Toll Free: 1-800-247-0981

Devils Lake

301 College Dr S
Devils Lake ND 58301
Phone: 701-662-9300
Toll Free: 1-800-247-0982

Dickinson

66 Osborn Dr
Dickinson ND 58601
Phone: 701-227-3100
Toll Free: 1-800-247-0983

Fargo

1350 32nd St S
Fargo ND 58103
Phone: 701-239-7300
Toll Free: 1-800-247-0985

Fort Totten

Spirit Lake Employ & Trng Bldg
405 2nd Ave N
Fort Totten ND 58335
Phone: 701-766-1203

Fort Yates

Job Service Bldg
Fort Yates ND 58538
Phone: 701-854-7463
Toll Free: 1-800-757-6850

Grafton

927 12th St W
Grafton ND 58237
Phone: 701-352-4450
Toll Free: 1-800-321-7416

Grand Forks

1501 28th Ave S
Grand Forks ND 58201
Phone: 701-795-3700
Toll Free: 1-800-247-0986

Harvey

119 9th St W
Harvey ND 58341
Phone: 701-324-4552
(Open M & Tu 8:30-5:00/
Th 8:30-12:30 only)

Jamestown

429 2nd St SW
Jamestown ND 58401
Phone: 701-253-6200
Toll Free: 1-800-247-0988

Minot

3416 N Broadway
Minot ND 58701
Phone: 701-857-7500
Toll Free: 1-800-482-0017

New Town

Main Lanes & Café Bldg
204 Main St
New Town ND 58763
Phone: 701-627-4390

Oakes

517 Main Ave
Oakes ND 58474
Phone: 701-742-2546
(Open M through Th 8:00-5:00/
Fri 8:00-noon)

Rolla

103 E Main Ave
Rolla ND 58367
Phone: 701-477-5631
Toll Free: 1-877-516-0600

Valley City

250 S Central Ave
Valley City ND 58072
Phone: 701-845-8860
Toll Free: 1-800-831-6374

Wahpeton

524 2nd Ave N
Wahpeton ND 58075
Phone: 701-671-1500
Toll Free: 1-888-671-9229

Williston

422 1st Ave W
Williston ND 58801
Phone: 701-774-7900
Toll Free: 1-800-247-0989

THE STATEWIDE TTY PHONE NUMBER IS 1-800-366-6888



Workforce Programs
JSND-5006 (R. 12-02)

Job Service North Dakota is an equal opportunity employer/program provider. Auxiliary aids and services are available upon request to individuals with disabilities.

The Work Opportunity and Welfare-to-Work Tax Credits

Money Saving Tax Credits for Private Employers

